

Message Text

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PAGE 01 NEW DE 00110 040201Z

64

ACTION NEA-12

INFO OCT-01 EUR-25 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SCI-06 SCEM-02 EB-11 COME-00 INT-08

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R 031840Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8788

INFO AMEMBASSY ABU DHABI

USMISSION GENEVA

AMEMBASSY JIDDA

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMCONSUL BOMBAY BY POUCH

AMCONSUL CALCUTTA BY POUCH

AMCONSUL MADRAS BY POUCH

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E.O: 11652: N/A

TAGS: ENRG, IN

SUBJECT: OPEC SECRETARY-GENERAL'S VISIT: COLD COMFORT FOR INDIA

1. FROM WHAT WE HAVE LEARNED SO FAR, CONSULTATIONS OF OPEC SECRETARY GENERAL A. L. KHENE WHO HAS BEEN IN NEW DELHI SINCE DECEMBER 30 HAVE BROUGHT NO CONCRETE HELP TO COPE WITH FOREIGN EXCHANGE BIND THAT TEHRAN PRICE DECISION CREATES FOR INDIA. HE SEEMS TO BE HERE BASICALLY ON A SOUNDING OUT TRIP AND LACKS NEGOTIATING AUTHORITY. IN INDIA AT INVITATION OF PETROLEUM MINISTER BAROOAH, KHENE ALSO SAW THE PRIME MINISTER, THE FINANCE MINISTER, THE FOREIGN MINISTER, AND THE PLANNING MINISTER. ECONOMIC MINISTERS STRESSED THE SERIOUS CONSEQUENCES OF THE PRICE HIKE FOR THE INDIAN BALANCE OF PAYMENTS AND FIFTH PLAN DEVELOPMENT EFFORTS, WHILE THE FOREIGN MINISTER REMINDED HIM

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PAGE 02 NEW DE 00110 040201Z

OF CONSISTENT SUPPORT OF INDIA FOR ARABS AGAINST "ISRAELI AGGRESSIONS."

2. KHENE REPORTEDLY TOLD HIS INDIAN HOSTS THAT OPEC COUNTRIES ARE "GENUINELY CONCERNED" ABOUT EFFECT*OF OIL PRICES ON LDC'S WHICH THEY HAD NOT INTENDED TO HIT AND SAID HE WOULD PASS ON FOR DISCUSSION INDIAN PROPOSALS, WHICH INCLUDED DIFFERENTIAL OIL PRICE FOR LDC'S, AND INCREASED OFFTAKE BY OPEC COUNTRIES OF G C#EXPORTS. KHENE WAS QUOTED IN PRESS AS NOT BELIEVING THAT DUAL PRICING SYSTEM WOULD BE "REALISTIC", BUT HE THOUGHT THAT CREATION OF AN OPEC BANK THAT COULD FINANCE OIL PURCHASES ON SOFT TERMS WOULD HELP LDC'S. HE ALSO SAID HE THOUGHT SOMETHING MIGHT BE DONE ABOUT INCREASING OPEC COUNTRIES' IMPORTS OF LDC OUTPUT, BUT OFFERED ONLY GENERALIZATIONS.

3. INDIANS HAVE SIZED ON TRADE THEME, TURNING CONVERSATION TO BARTER ARRANGEMENTS. COMMERCE MINISTER IS REPORTED TO HAVE TOLD KHENE THAT INDIA WILL NOT BE ABLE TO PAY CASH FOR OIL AND WANTS TO IMPORT PETROLEUM ON A COMBINATION OF CREDIT AND BARTER TERMS. IN A PUBLIC APPEARANCE BEFORE INDIAN COUNCIL OF WORLD AFFAIRS ON JANUARY 2, KHENE HINTED HE SEES LITTLE CHANCE OF SIGNIFICANT REORIENTATION OF TRADE OF OPEC COUNTRIES IN LDC'S FAVOR.

4. IT IS HARD TO IMAGINE THAT INDIANS WILL BE HAPPY WITH WHAT THEY HEARD FROM KHENE WHOSE BEST OFFER WAS POSSIBILITY OF FUTURE ARRANGEMENT FOR ONLY PARTIAL FINANCING OF OIL IMPORTS. IF INDIA'S FAITHFUL SUPPORT FOR ARAB FOREIGN POLICY IS GOING TO HAVE A PAYOFF IN OPEC, IT IS YET TO COME. WE SHALL FOLLOW UP WITH INDIAN AUTHORITIES AS SOON AS WE CAN.
MOYNIHAN

NOTE BY OCT: NEW DELHI 110 # AS RECEIVED.
WILL BE SERVICED ON REQUEST.

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